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2002 DEC -3
IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**In the Matter of the Filing by Idaho Power
Company of its 2002 Electric Integrated
Resource Plan (IRP)**

Case No, IPC-E-02-8

Recommendation for the Commission to Deny
Acceptance and Acknowledgement of Idaho
Power's 2002 IRP, and Rebuttal of Reply
Comments of Idaho Power Company

After conducting a careful review of Idaho Power Company's Reply Comments the following rebuttal comments are offered to this Commission to provide alternative perspectives and a recommendation to deny acknowledgement of Idaho Power Company's 2002 Integrated Resource Plan (IRP). My comments will parallel the issues as raised in Idaho Power's Reply Comments so the two documents will track as each issue of contention is discussed.

1. GARNET POWER PURCHASE AGREEMENT

It is encouraging that Idaho Power Company (the Company) wants to move "expeditiously" to pursue "other alternatives" (pg.2 p1) to the Garnet PPA as proposed in the 2002 IRP, and that some of those alternatives may indeed be "less expensive" (pg3 p1). Simultaneously however, it is discouraging to read Idaho Power's Reply Comments and witness their continued efforts which strive to misconstrue, misinterpret, and misinform; to apply faulty, inconsistent and self-serving logic, while placing blame on this Commission (i.e., the recent history of DSM in the late 1990's, electric utility deregulation, and Idaho Power's successful

IPUC Applications to discontinue traditional DSM activities—pg4 p3) as an excuse for Idaho Power’s lack of initiative regarding meaningful DSM and energy rates designed to influence peak energy demands.

2. CONSERVATION

On pages 4 and 5 of their Reply Comments Idaho Power goes to some length describing the Commission’s caution that Idaho Power be realistic about the benefits and costs of DSM or conservation. Idaho Power then reiterates a portion of Order No. 22636 and uses the Commission’s words as an excuse for not pursuing conservation, DSM or Load Management activities. I submit that this is not only a misinterpretation of the Commission’s Order but a somewhat blatant and dismal failure to accurately interpret the Commission’s words and respond appropriately. The Company seizes upon the phrase “estimated future conservation shall not be considered as a resource” as its excuse for not pursuing DSM. Unfortunately, the Company fails to read, hear, or understand the next sentence of Order 22636 which they provide in their Reply Comments; “Utilities are expected to contract only for reasonably confirmable conservation resources.” So, in summary it appears that in Order 22636 the Commission was indeed cautioning the utilities against undertaking poorly designed conservation expenditures with undocumented and therefore unreliable results, and very explicitly ordering the utilities to **“...contract only for reasonably confirmable conservation resources...”** that can then be used to defer or replace future planned resources.

It is a mystery how Idaho Power can readily understand the first four sentences of their reiteration of Order No. 22636, while remaining completely silent about the two following sentences that provide direct and explicit guidance to proceed by “contracting only for

reasonably reliable conservation resources.” Has Idaho Power contracted for reasonably reliable and verifiable energy savings and peak demand reductions? Where can one of these contracts be found and how do I, or other customers and energy professionals, get them so we may contract to provide verifiable conservation resources? How would a third party Energy Services Company (ESCO) approach Idaho Power Company and/or one of their large commercial/industrial customers to propose and contract for DSM projects? The answer, of course, is that they wouldn’t or couldn’t because Idaho Power has not set up a DSM contracting mechanism to record and accrue conservation and DSM resources for participation by the general public despite the Commission’s direct order to do so.

Idaho Power also articulates their great fondness for the newly founded Energy Efficiency Advisory Group (EEAG). On one hand the notion of an EEAG sounds like a reasonable committee approach. On the other hand I am skeptical that the EEAG process will provide any substantial DSM resources that might threaten to deliver reasonably reliable DSM or the specter of lost revenues. My skepticism springs from personal experience with Idaho Power, and observation of the “collaborative” process that the Company proposed in the early years of their hydro relicensing efforts. This process remained collaborative until those on the committee disagreed with the Company at which time the collaborative process promptly failed and the Company stated that it was not compelled to follow the recommendations of the committee.

In its formation of the Energy Efficiency Advisory Group the Company disregarded the applications of two energy professionals with roughly 20 years experience each,. Yet according to page 21 of IPUC Order No. 29026, the EEAG members—whoever they are, and whatever their credentials, experience, or background—are charged with having an expert understanding

of all facets of the DSM marketplace—to sufficiently design and evaluate DSM: “We believe the Energy Efficiency Advisory Group will be a valuable resource in recommending and evaluating potential conservation programs for Idaho Power.” I too believe the EEAG could be valuable, but I am again skeptical they will be allowed to do so. It usually takes degreed energy professionals several years to absorb and understand the intricacies of energy use and appropriate technology applications. It is doubtful that Idaho Power was able to recruit sufficient expertise for the EEAG to be successful. It is my view that Idaho Power has embarked upon the EEAG process as a delay tactic that preys upon the good intentions of both EEAG members and this Commission at the expense of ratepayers, in order to preserve shareholder profits associated with the status quo. Idaho Power could not be clearer about their stance on this issue; on page 8 of their Reply Comments the Company they state, “Idaho Power Company does not support using conservation estimates or targets in the IRP to defer or eliminate planned future resource acquisitions.” They then go on to endorse the EEAG scheme as if a committee composed of ordinary folks will somehow provide the answers to our region’s energy situation that have thus far eluded the Company.

The Company asks this Commission to blindly and faithfully walk down the primrose path with them, and believe their most earnest pleadings that they really do want effective DSM, they just have not been able to figure out what to do, but not to worry, the newly formed EEAG will solve all problems if it is given a chance. Idaho Power has already been given every chance and they taken every opportunity to do as little as possible to benefit ratepayers while concerning themselves with shareholder returns and how best to shield profits from regulatory oversight.

3. END-USE RESEARCH

Idaho Power is in error here and perhaps they are playing dumb. Not a single commenter said the IRP should provide end-use research or studies. Rather, end-use studies and load research should have been conducted at some point (perhaps in the Conservation Plan or another report) to provide a basis for evaluating DSM potential within an Integrated Resource Planning framework alongside other resource options. To say that the term “end-use” is not mentioned in Idaho PUC Order 22299 and therefore is not required in the IRP is indicative of the Company’s desire that no meaningful DSM actions be undertaken that might provide public benefit and endanger private profits. Anyone with a smattering of common sense can readily understand that in order for DSM to become a reasonably reliable resource, one first must ascertain the magnitude and character of the potential that exists so that targets worth pursuit can be determined, strategies designed, budgets and implementation plans developed and resources acquired. If the first step—customer load research—is not taken, then the follow-up steps will not be forthcoming and no demand-side resource will accrue. No, IPUC Order 22299 may not specifically call for end-use studies, but the term Integrated Resource Plan surely implies that reasonable prudence will be employed to realistically investigate potential resource options and the Commission and Idaho Power ratepayers rely upon Idaho Power as a Corporate citizen and regulated monopoly to carry out its duties in a responsible and knowledgeable manner without resorting to word games as an excuse for dereliction of responsibilities.

Finally, Idaho Power does confess that end-use studies are not needed because they know that air conditioners are to blame for the summer peak load condition and the Company “believes it will be more productive to focus immediate attention and programs on the major loads known

to contribute to the summer peak, air conditioning and irrigation load, where there is the greatest likelihood to reduce summer peak demand” (pg 9 p3). Okay fine. If Idaho Power knows this, and has known it for some time, why haven’t they developed and rolled out some strategy to address summertime AC load? Is the fact that air-conditioning load makes up the summer peak load the reason why Idaho Power has embarked upon a Compact Fluorescent Light bulb (CFB) program? Perhaps an end-use study would have redirected the Company’s efforts towards air conditioning as a solution rather than CFB’s—although it is true that the energy savings from CFB’s will not raise the much dreaded specter of lost revenues, nor will they save much energy, and certainly no on-peak energy, in residential applications. The CFB program just rolled out by the Company is yet another diversionary tactic, much the same as the Energy Efficiency Advisory Group, whereby the Company wishes to look proactive on conservation and DSM while doing little of significance.

For the record please note that I have had compact fluorescent lamps in my home for the past fifteen years and they can provide significant energy savings in commercial applications where they replace lamps that have long daily burn hours. Generally, however, CFB’s do not provide an impact on residential energy use because their operating characteristics (slow start, warm up time for full illumination, and color rendition) are not conducive to in-home use and most homes do not require lighting during the summer on-peak time period.

4. PLANNING CRITERIA

My only comment in this regard is to consider Idaho Power statement on page 11 paragraph 1, line 7: “It is easy to criticize the Company for not being prepared for the market price spikes that occurred in 2000...” I suppose is easy to criticize the Company in this regard.

On the one hand IdaCorp was able to get its trading operation out from under regulatory oversight in time to take full advantage of the price spikes of 2000 so that shareholders and executives might benefit, but unfortunately the Company could do nothing to help rate payers during the same time period other than to spend millions for diesel generators to be sited in residential neighborhoods that never generated a kWh, and simultaneously ask for record breaking PCA rate adjustments to cover both the cost of purchased power and purchased diesel generators. Yes, I suppose it is easy to criticize the Company.

5. ALTERNATIVE RATE STRUCTURES

Time-of-Use rates in residential applications is yet another diversionary tactic of the Company. It is simply ludicrous to think that the average residential customer will be able to respond to TOU price signals. Shall people not cook food during on peak periods? Perhaps they can wait till midnight to do laundry as well. Does Idaho Power have a study that indicates residential customers are the prime customer segment for application of time-of-use rates?

Typically, only large commercial and industrial customers have the economies of scale and flexibility in technology adoption necessary to make time-of-use rates useful for effecting load-shifting techniques. For Idaho Power to boast of their residential TOU study is to simply waste time, paper, and ratepayer funds. Further, to assert that Case No. IPC-E-02-12 is the only proper forum to discuss TOU pricing is tantamount to saying...we do not want an integrated resource plan, rather, we want to limit our discussion to only those items that best serve our fiduciary interests, whether or not they may provide a viable role in developing an integrated resource plan.

It is interesting to note that in the Company's Reply Comments in section **6. LOAD FORECASTING** on page 14 the Company states: "Electricity demand varies inversely with electricity prices..." yet they maintain that the IRP is not the proper forum to discuss time-of-use pricing options. Even more telling is the final sentence of section 6: "What has become evident is the fact that a significant permanent rate increase would slow the rate of sales growth dramatically." So, if time-of use rates made on-peak energy costs permanently high and also made off-peak energy costs permanently low, could we not deduce from the Company's statements that we would see a load shift occur in response to TOU price signals? Yes, I suppose the Company is correct, the IRP is no place to discuss time-of-use rates unless of course we're interested in resource acquisition.

CONCLUSION and RECOMMENDATION

It is apparent that Idaho Power Company is not truly interested in developing an IRP that best serves the interests of ratepayers. Half truths, misinterpretations, misapplication of strategies and technologies, failure to do comprehensive base case research, and a desire to limit discussion of the options available to address our energy situation all smack of a Company that is less than inspired or committed to acting responsibly on behalf of their captive customers. For these reasons and others discussed previously, I urge this Commission to reject Idaho Power's 2002 Integrated Resource Plan on the grounds that it fails to meet its basic objective of providing an objective and complete, side-by-side analysis of all resource options facing us in today energy marketplace, and admonish Idaho Power Company for failing to fully meet their responsibility as a regulated monopoly, cloaked in the public interest, to act as responsible stewards on behalf of the rate paying public.